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ABSTRACT

Information in these guides was distributed to participants in the Communicating for Agriculture Rural Knowledge Bowl in ten states: Minnesota, North Dakota, South Dakota, Nebraska, Kansas, Iowa, Wisconsin, Georgia, Montana, and Tennessee. The materials are designed for secondary students and deal with rural economic development and the impact of current events on rural economics. The Teacher's Guide provides a glossary of terms and phrases describing circumstances and trends in rural community development. The Student Study Guide contains information, direction, and case studies on rural development. This document lists 20 characteristics of a successful community. It also includes a scale on which students may rate their communities' potential with respect to these characteristics. (ALL)

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The CA Rural Knowledge Bowl® Adds Action To Economics.

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Sparking student interest in a topic considered as boring as economics can be a tough challenge. But teachers have found a fountain of interest among their students when they study rural economic development through the 1988-89 CA Rural Knowledge Bowl®.

That's because the materials teach important lessons of life...how enterprise works, how to make money grow, how economic development can build a community and how the whole process starts. Along the way, students learn about leadership, entrepreneurship and cooperation.

The CA Rural Knowledge Bowl® teaches students lessons they can take home and use immediately. In addition, it gives them something to work for. Each state winner receives an all-expense paid trip to Washington, D.C. to visit with their senator and learn up-close how our nation's government works.

And, if they can apply some of the lessons they learn, they might learn how to put some new money in everyone's pocket.

How to participate

The CA Rural Knowledge Bowl® is being offered free through this brochure to every secondary school in ten states: Minnesota, North Dakota, South Dakota, Nebraska, Kansas, Iowa, Wisconsin, Georgia, Montana and Tennessee. If you would like to include your students in the program, simply fill out the attached postage-paid card and we'll send you the study guide, a teacher's manual and a copy of the test.

The test contains 50 questions pertaining to the study guide and 50 current events questions. Once you receive the materials, (about October 13) you'll have six weeks to let your students study the guide, take the test and announce the finalists. You send the names of your top students to us by November 21. Shortly thereafter, (December 1) we'll send you a copy of the final test. Administer it and send it back to us by January 20. We'll correct the final test and announce the winners by February 10, 1989.

State winners receive an all-expense paid trip to Washington, D.C. where they tour the Capitol, spend a morning at their senators' offices, and meet with administration officials. It's an up-close lesson in governmental processes.

Recognizing winners

Many schools who have participated in the program have recognized their local winners with prizes. Local businesses or groups, particularly Rural Electric Cooperatives and Small Business Development Centers have been very pleased to present engraved dictionaries or other prizes to the top students at their school.

CA also provides a news release format to announce winners in local and area papers.

Get involved in local economic development. Sign up for the CA Rural Knowledge Bowl® today. Simply detach the reply card, fill it in and drop it in the mail.

Teachers contest

To recognized teachers who add the CA Rural Knowledge Bowl® to their classroom or administer the test, CA will award an all-expense paid trip to Washington, D.C. for one teacher and spouse. Your name is automatically entered in a drawing when you return final tests for tabulation. If you win the random drawing, you'll be headed to Washington, D.C. too.

Prizes will also be awarded to the teacher in each state who involves the greatest percentage of secondary students in the CA Rural Knowledge Bowl® competition.

If you have any questions, please call toll-free 1-800/432-3276.

To receive the materials, please return card by September 30, 1988.

CA Rural Knowledge Bowl®
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Teachers Guide

Rural Economic Development
Putting Ideas Into Action

Hometown action. Regional economics. Student involvement. Rural pride.

These are all goals of the Communicating for Agriculture Rural Knowledge Bowl®. This is its fifth year, and we hope to make it the best ever. The CA Rural Knowledge Bowl® is designed to offer students a new perspective on their community and the forces that make it. We would like to open their eyes to the economic challenges and opportunities that are involved in living in a rural, predominately agricultural area. That's why the theme of the student study guide is rural development. The test covers the material in the student guide and current events.

Please make the study guide available by photocopying it for your students, or placing it in the library or learning center. Fifty questions in the round one test come directly from the study guide, the other fifty are current events questions. You may substitute your own current events questions if you wish.

If you encounter any problems in the round one test, please handle them as you see fit. Make a note of any changes you have made when you send in the finalists names and test scores. Each school may select one finalist for each 50 students or portion thereof that take the round one test. After you have the test results, simply complete the enclosed card and return it to CA national headquarters. If you have any questions, please call Pat Jampsa at 1-800/432-FARM. Finalists will be given a second test that is corrected at CA national headquarters. The top scorer in each state will win an all expense-paid trip to Washington, D.C.

Teachers who administer the test will be eligible for an all expense-paid trip to Washington, D.C. The winner will be selected through a random drawing. Teachers who administer the test to the greatest percentage of secondary students in their school will also be awarded prizes.

Thank you for using the CA Rural Knowledge Bowl® to promote interest and pride in rural America.

Communicating for Agriculture Rural Knowledge Bowl® Glossary of Terms

Alternative Agriculture: Food or fiber production through the cultivation of annual or perennial plants or raising of animals that are different than the ones normally grown in a region. Examples: vegetables and fruits in the Midwest, lamas in Iowa, kenafe in Texas.

Business Incubator: A physical location or other incentive that provides small start-up businesses with low-rent or free office space, shared office equipment and personnel. Services also may include consulting such as bookkeeping, marketing plans, grant and loan writing.

Business plan: A document written by a person running a business that outlines the market the business is in, the products it makes and how it will bring those products to market successfully. These plans usually outline basic actions for the successive five years for the

company to be successful. Generally, these are the organizational plans for a new business to grow and expand. Business plans are needed by bankers, loan funds, venture capitalists and other sources of capital to determine whether a business is a good loan risk or not.

Communicating for Agriculture: A national, non-profit, non-partisan rural association. Members are farmers, ranchers and independent business people who want to see rural America thrive and prosper.

Community: A group of people that share the same beliefs and values and recognize their common grounds. They identify each other as belonging to the same community. They may be located geographically close together.

Community Profile: A document that analyzes the resources available in a community; the types of people who live there; educational services; infrastructure and recreational opportunities. It is the result of a community survey that determines what resources are available for new business development and attraction as well as expansion of existing business. It may also be used to build other community resources, such as services or health care facilities.

Cottage Industry: Small, home-based production of goods or services that usually employs the person who started the business and perhaps one or two others.

Demographics: The statistical information that translates community members into numbers. Generally, it sums up people in terms of age, employment, income, home ownership, education, and marital status. More specific measures, such as average age, household wealth, etc., are also considered demographics.

Deregulation: Laissez faire. Governmental agencies withdrawing from intervening in private sectors of the economy.

Diversification: The process of building new opportunities for community members so that the community is not over-reliant on one resource or method of employment. For example, an agriculturally-based community might allocate some of its resources to building manufacturing capabilities and starting new industry. A community with one large employer might seek to start several new smaller firms. Diversification means not putting all your eggs in one basket, but spreading risk and income sources so that a community is not overly dependent on one sector for its livelihood. Diversification in agriculture means raising more than one commodity to broaden one's potential economic base.

Electronic Commuting: The transfer of information over long distances by the use of electronic means, including computers, telephone lines and satellite transmission and reception. It can be used to locate data-processing functions in remote communities while a company's headquarters remain in a metropolitan area.

Entrepreneur: A person willing to take a risk to start a new business venture. The most important elements are a marketable idea, a source of capital, a determination to make a success of the operation and the willingness to take a risk.

Grant: Money that is provided for a specific purpose to an individual, a business or a community by another unit of government or private organization that is not expected to be paid back.

Home-based Industry: See cottage industry.

Leadership: The ability to see what needs to be done, and build agreement about it in many different groups to facilitate action from the majority of people. Leadership is vital in rural communities.

Lending Pool: A fund used to lend money to more risky ventures that can not get a loan from conventional sources. It uses capital from large local businesses and banks to share the risk of loans to these types of enterprises. Loans can be at market or reduced rates. The distinguishing feature of a lending pool is that the risk of loan repayment is shared by two or more institutions.

Leveraging: Multiplying local dollars by obtaining matching funds from private, state and national developmental agencies; local banks and other sources of funds.

Multiplier: Increased economic activity that

creates more than the initial amount of the economic activity.

Off-Peak, Incentive Rates: A concept used by rural electric cooperatives to encourage the use of electricity during periods of low demand. Service is priced lower than during periods of high demand for electricity.

Private Sector: Businesses not owned by a government agency.

Positive Attitude: The belief that things can be changed for the better. Absolutely necessary for rural development to occur.

Public Sector: Businesses owned by a government agency.

Rural: Those areas of the country that are not a large city or the suburbs of a large city. Living in "the country."

Rural Development: Concerted, planned efforts to increase the economic vitality or physical and social well-being of a rural community. The result is increased job opportunities, better water, sewer and road systems and greater wealth in a community.

Revolving Loan Fund: A pool of money that is lent to local businesses, individuals or companies for the purpose of expanding the economic base of a community. Money can be loaned at market or reduced rates. Loans are repaid into the fund for re-loaning to other businesses. These are often administered by units of city or county government or loan nonprofit development corporations.

Regionalism: Defining one's community in larger terms than a city or county. Regional development efforts are often more successful than a single town's because of the greater resources in terms of people, money and time.

Sense of Community: A positive attitude that binds people together in the pursuit of a common goal. It leads them to help each other and care for the well-being of the other people. This attitude is vital for successful development to occur. People who shop at home usually have a strong sense of community.

Seed Money: Money used to help new enterprises get started. The purpose is to grow new wealth and employment.

Small Business: Businesses that employ less than 50 people. The government generally regards businesses that employ less than 500 people as small business.

Smoke Stack Chasing: The pursuit of large manufacturing plants through the use of financial incentives that may include tax breaks, free land, special exemptions and zoning.

Supply and Demand: A principle of economics that teaches that supply and demand influence price. Therefore, if there is high demand and low supply, the price will be high. If there is low demand and high supply the price will be low. Most often, conditions are somewhere in the middle. The point referred to as equilibrium is when supply balances demand at a set price.

Value-added Processing: Taking raw materials and making them into a finished product to add to the price and usefulness of the item. For example, high-fructose corn syrup is a value-added product of corn. Oatmeal is a value-added product of oats. For it to most beneficial to agricultural areas, processing should take place close to original producers.

Venture capital: Money provided to a new business by an investor or group of investors in return for an ownership position in that business. It is most often used in enterprises that are highly risky, yet if successful, can return huge profits.

Vigor of Youth: The enthusiastic, can-do attitude of young people and those young at heart that can get things done.

Underemployment: When people, capital or machinery are being used at less than their best and highest return purpose.

Student Study Guide

This study guide contains information, direction and case studies on rural development. It is the basis for 50 questions on the Round 1 Communicating for Agriculture Rural Knowledge Bowl® Test. While you study it, remember, you are tomorrow's leader, anything you can do for your community today will be repaid tenfold.

Rural Economic Development Putting Ideas Into Action

Introduction

Rural economic development is a directed effort by a community to maintain, retain or increase local jobs and revenue streams. You could say that it is a group of people who voluntarily define themselves as a community who engage in activities designed to promote their own economic health and well-being.

Today, many small rural communities are doing just that. There are at least seven reasons why they are acting.

- There is a need for economic diversification in their local area.
- Local revenues need to be increased.
- Many people who live in the area are unemployed or underemployed.
- There are programs available for assistance.
- Young people are leaving for metropolitan areas.
- The rural way of life is worth preserving.
- It is better to act than to be acted upon.

Let's look at each reason more closely.

Economic diversification

For most rural communities, particularly in the Midwest, diversification efforts have been borne out of need. There are fewer full-time farmers in the United States than ever before. They need less services, and purchase less. One farmer can feed about 93 people, (78 at home and 15 abroad). His large farm will have taken the place of several smaller ones.

For other farmers, additional income will be needed to maintain the farm. In an attempt to maintain a way of life they enjoy and remain on the land, these farmers are seeking part of their income off the farm. Recent statistics show that over 50 percent of all family farm income comes from off the farm employment, either by farmers or their spouses.

As fewer farmers buy from fewer suppliers, the number of people needed to service farmers is also shrinking. Those people also need new ways to earn income.

Sharp declines in mining or forestry are forcing dependent communities to re-evaluate their economic situation. In the face of these changes, rural communities need ways to provide meaningful economic opportunities for local residents.

New Revenues

Closely related to the need for off-farm jobs is the need for a broader tax base. Property tax revenues fluctuate as land and home values change. Thus, in an economically declining region or community, the tax money available to provide necessary services and education also declines. If the tax base continues to shrink, the only answers are raising taxes or providing fewer services; both have harmful repercussions in a depressed economy. If an area is prosperous, property values stay up; and new factories and homes contribute to a steadily increasing municipal tax flow which can then provide the greater services needed by citizens.

Unemployment-Underemployment

Sometimes residents of rural communities are either

unemployed or underemployed. Although both sets of statistics are difficult to gather, studies show that many rural areas have unemployment levels 3 to 4 percent above metropolitan areas in the same region. In areas hard hit by depressions in mining, forestry or manufacturing, the unemployment rate may be twice that of the national average. These people need a source of jobs, like those provided by successful rural development.

Underemployment may be an even greater problem in most rural areas than unemployment. Underemployment refers to people, property, machinery or capital that are being used for less than the highest rate of return. That is, a skilled construction worker that was laid off from a job paying $15/hr. and had to take a job in a fast-food restaurant paying $4/hr. is underemployed. Abandoned property that could be used for farming, tourism or manufacturing is also an example of underemployment.. Natural resources that are underemployed could include undeveloped lakes, rivers and forests that may be used to provide recreational opportunities for a tourist industry.

Underemployment may be caused by a factory shut-down, loss of farms or other business or lack of opportunity in the area.

Available Assistance

Some communities have started economic development activities because they know of money or programs that are available to help them. Today there are both private and public sector programs designed to assist local development efforts. Township, community, regional state and federal programs that encourage economic development are seeking new ventures and entrepreneurs. These programs may involve infrastructure grants and loans to improve water, sewer, housing and roadways; community development loans and technical assistance programs, such as Main Street which provides business assistance to downtown retail store owners; restoration and beautification of downtown areas; loans to pass on to local businesses; community planning and evaluation services; small business development and assistance; small business incubators; government procurement assistance; international marketing and export assistance and leadership training.

Young People Are Leaving

Many rural towns share the experience of Clara City, a small community in the west central part of Minnesota. Every one of the 36 members in the graduating class of 1986 has expressed their desire to leave the community for better opportunities in larger towns or metropolitan areas. If this continues, there will be no future leaders, no one to take the community's reins. Today's community leaders recognize that young people are a vital part of a hometown's resource base. Economic development provides the opportunities they need to be able to stay in their hometown and contribute to its growth, prosperity and future.

Preserve A Way of Life

In general, rural residents are steadfast, self-reliant, stable and hardworking. They believe in sharing family ties, are non-exploitive, happy people who believe in the American dream. For many, they now realize that the future is going to be different than the past, and the only way for them to preserve their way of life is to forge ahead with economic development.

They believe that the quality of life in a rural community is better than in the city, and are willing to work to ensure that it remains that way.

These are the people who would rather have a neighbor than a neighbor's land.

It Is Better To Act Than Be Acted Upon.

Many people in rural communities have realized that the forces affecting their lives have changed dramatically during the last few years. A world economy, communication technology, deregulation and many other factors now influence small towns. The people in towns that are changing have realized that for them to have a future they want, they must work to create that future.

They believe in controlling their own destiny, and are willing to work for it. Just as an individual gets an education to be able to do the job he or she wants to do; communities are educating themselves and pursuing the future they want for themselves.

Increasing Economic Activity In Small Towns

Communicating for Agriculture's national headquarters is in Fergus Falls, Minnesota, a town of 13,000. Up until 1985, it had been successful enough in a quiet way. A cabinet maker employed 500 area residents, a clothing manufacturer employed many citizens and local farmers contributed to a healthy economy. Then the cabinet factory burned down and relocated in another town. The clothing manufacturer pulled operations into its corporate headquarters in Minneapolis and other manufacturers moved away. Seemingly overnight, the town had lost 500 jobs.

That galvanized citizens into action. They set up

Project 500, with the goal of creating 500 jobs in 500 days. The jobs were created but the fact that the time-line was extended did not bother developers for their minds were firmly fixed on economic development. The promise of progress was self-promoting.

In the past two and one-half years, the Fergus Falls Port Authority (the economic development unit) has helped created 530 new jobs and retain 130 jobs. It has aided 33 businesses in relocation, expansion and start-up. It has created a loan pool in conjunction with area banks and large industry and loaned $1.4 million to more risky business ventures.

The town has been on a roll since day one. Its efforts have been incredibly successful. And townsfolk are gung-ho for economic development, excited about the progress that has been made, and enthusiastic about the future.

Glen Pulver, an agricultural economist at the University of Wisconsin, says there are five main ways to increase economic activity in a community. Some of these are very viable options for every town, others are not.

There are five main ways to increase economic activity in a community.

1. Improve the community's ability to capture existing income.

Dollars flow into a community when people shop there. They flow out or leak when retail shopping moves to another place. Recent studies indicate that retail sales leaks in towns of under 1,000 residents in the Midwest average 35%. That means that one out of every three dollars earned in the community is spent elsewhere. In the 1950s, average leak was about 5%.

In at least two rural South Dakota high schools, (Custer and Belle Fourche) students have been directly involved in community development. They have conducted "community needs" surveys by going door-to-door and conducting in-school interviews. The activities showed that students had considerable discretionary income, much of which was "leaking" to Rapid City or elsewhere. A reasonable solution to this phenomena is to encourage local programs in their home communities to keep this money at home.

In addition to these economic-based studies, their project includes entrepreneurship training. These efforts are designed to help students create jobs rather than find them and to remain in their communities rather than flee to the cities.

2. Improve the efficiency of existing firms; help small businesses expand to create new local jobs.

Research by the Massachusetts Institute of Technology and the Brookings Institute shows that 40 to 60% of new jobs are created by the expansion of small business. Another statistic shows that 75% of the businesses in America employ 20 people or less.

For small towns, the percentages are much greater. It is much easier to create jobs one by one than it is to create 500 all at once. Forward-thinking leaders visit with local firms, and provide assistance with business expertise, zoning and local financing to make businesses more competitive and productive.

Gene Wenstrom, a rural development consultant, has helped many small communities put together financing packages to encourage and expand local business. He suggests that this is the best way to build rural communities because it has the highest rate of success. This expansion of a local business is healthiest when the community is involved in the planning. Sometimes one small business expansion might push a local competitor out of business with a net loss of jobs for the community.

3. Encourage new business.

Local leaders in progressive communities are also looking for hot new ideas to help develop. Many rural residents are inventive souls, always trying to find a better way to do something. With the right management and marketing, many of these ideas can sprout new business ventures.

In Rockford, Iowa, the Rockford Area Development Group put on an Idea Fair. It invited local residents to come to the high school one Saturday and display their inventions. Of the 16 exhibitors, three started small businesses. All have a good chance for growth.

This year, an expanded version will feature an expert from the Patent Office in Washington, D.C., who will consult individually with inventors. Representatives from manufacturing firms will be invited, to see if they can make and market someone's good idea.

Of course, finding new markets and developing marketing skills are a major drawback to this type of entrepreneurship. That's where local universities and colleges can help. These usually have a department

that lends the expertise of professors and students to small business. In Grand Forks, the Center for Innovation and Business Development at the University of North Dakota was set up specifically to work with inventors and entrepreneurs. Director Bruce Gjovig notes that of the 500 new ideas he sees each year, perhaps 10% deserve critical attention. Less than 5% are a viable new product that can be developed.

There are four main reasons why projects aren't viable business ventures.

1. Someone has done it before.

2. The technology doesn't work like it was supposed to.

3. The product is economically unfeasible because manufacturing or distribution problems are too expensive to solve.

4. Inventors or entrepreneurs can't compete against others already in the business.

But these factors only illustrate that many projects must be examined to find one that will succeed. A successful, can-do attitude is necessary when taking a look at entrepreneurial projects like these.

Home-based businesses are particularly compatible with small towns. The agricultural depression of the early and mid-1980s made many farm women turn to their hobbies and crafts for extra dollars. Some of these sidelines have turned into full-time enterprises.

Sandpete County, Utah, was fast becoming a vast wasteland with the closing of mines, a key factory, and a devastating flood. Unemployment was more than 20% and farm and non-farm income was dwindling. Someone had an idea and the optimism to think it would work. "Designer" suckers were the brainchild of Connie Gahley who founded "The Sucker Tree" company. Her workers are mostly underemployed Sandpete County residents or farm housewives who need to supplement farm income. Today, over 20 people who may have had to flee the county have found employment at The Sucker Tree which distributes the popular products through a Provo candy distributor.

Many states have begun to realize the potential of home-based industry, offering technical advice, management consulting and financial assistance. Businesses can be created in rural areas by setting up manufacturing plants to add value to local agricultural goods, or to market specialty agricultural produce.

A former wheat, corn and barley farmer now grows carrots in central Minnesota. But only after years of extensive research into marketing and production. The rich peat soil is excellent for growing long, attractive carrots. The slower growing season gives the carrots a distinctive, sweet taste.

In addition to growing the carrots, a packing operation employs 50 people in this depressed area of the state. Plans are on the drawing board for a cannery which would increase the employment opportunities.

The business came through because the farmer worked with his local community to obtain a low-interest loan from a regional development commission, put up his own money and financed part of the operation through the local bank, which was willing to take a chance.

New businesses need three things: capital, labor and technology. The availability of consultants, community surveys of needs, business training sessions and bank-sponsored loan programs can help inspire new local business growth.

Success fosters even more success in many business ventures. Such is the case in the Black Hills of western South Dakota, with the Blck Hills Special Services Cooperative. Among other things, they make and market 500,000 "Tub Buddies" and "Monster Mitts" in an abandoned theater. One hundred and six jobs have been created by this company which markets its products internationally. The students who work in the program are from 14-21 years of age and spend from one to six hours per day working in this supported employment program. These students who nationally have a tendency toward underemployment are classified special needs (i.e., deaf, blind, mentally retarded, cerebral palsied, emotionally behaviorally disordered or physically disabled). Fifty-eight of the employees of the Dragons Company are so classified.

The Hartwell, Georgia, story is a textbook example of all the levels and types of new business incentives from consultant to bank loans to community spirit to school involvement. The Depot Street Development Corporation in Hartwell, Georgia, is an example of development efforts in a small, previously declining, rural community that used existing conditions to improve their economy. They had business space, a strong historical tradition, and a nearby recreation area. The community was assisted by Dr. Paul DeLargy of the Small Business Development Center to provide technical expertise for the revitalization of the town. Extensive remodeling has taken place, eight new businesses have been opened and 200 new jobs have been created. The railroad theme and tourism is reflected in the high school student

planned, managed, and staffed businesses which are among the new ventures (Railroad Gift Shop, Old Fashioned Soda Fountain and Georgia Products Store). Students at Hart County High School can elect to take a new course entitled "How To Start A New Business." Much of the learning will take place in the student operated "downtown classrooms."

Still other stories of successful development have been promoted by local rural electric cooperatives. Rural America is served by locally run electric cooperatives (REC's). The National Rural Electric Cooperative Association (NRECA) counts about 1,000 REC members, so it is likely there is one nearby to "light up your life." The cooperative notion grew out of necessity when neighbors worked together to build electric lines and provide power to remote areas.

Rural development has necessitated a new spirit of cooperation and once again the REC's are involved. Whether through providing electric rate incentives, free heat (heated water to flower growers), technical expertise and seed money, the electric cooperatives are busy putting people and ideas together to spur economic development.

Farmers have become broiler (chicken) raisers—(SW Electric, Pipestone, MN) with REC help. Manufacturers are producing thermal storage units (Basin Electric, Bismarck, ND) and regional plans are being promoted to get NRECA "seed money" (Runestone Electric, Alexandria, MN) all with local cooperative association participation.

The Greater Minnesota Corporation which has been created to promote economic development in rural Minnesota through applied research, product development and technology transfer has proposed a leveraging of development funds. They propose that the Rural Electrification Administration, the Rural Electric Cooperative and the Greater Minnesota Corporation each provide 1/3 of the funds for rural development in Minnesota.

4. Attract new basic employers.

Every unit of government interested in economic development from states on down wants to attract new basic employers. But often, for smaller communities, this isn't the most viable option. Large employers often seek infrastructures and community resources not available in rural areas.

Many critics charge that the benefit packages put together for large industry to locate in a certain place have led to bidding wars among states and communities. And some firms have been eager to use the clout that 1,000 jobs carry, holding states and communities hostage to demands for tax breaks and incentives.

Some development experts hope more companies will follow the lead of firms that have located data entry operations in rural areas far from metropolitan corporate headquarters. Telecommunications has made it possible for these corporations to take advantage of lower costs of doing business, stable loyal workers and a receptive atmosphere in small towns. But it takes communities with leadership willing to pursue these options and fight for these jobs.

P.C. Connection does over 100 million dollars in business from its home in Marlow, New Hampshire (pop. 551). Employees enjoy the beauty of nature and freedom from traffic jams as they made P.C. Connection the nation's second fastest growing firm in 1986 (Inc. Magazine report, December 1986). Marlow residents will soon witness the expansion of company headquarters and the renovation of the 155-year-old Christmas Tree Inn. The choice of where to locate is but an indicator of the innovative marketing and customer service ideas of this product of the electronic age.

5. Increase financial aid received from senior governments.

Communities benefit when they can get back some of the money they've paid in taxes to other government units. Grants from the state or federal level for streets, water and sewer systems, housing, parks, health programs and education provide the necessary infrastructure to make the community attractive to business and residents. Individual transfers of funds, like social security, public assistance and farm program payments can add dollars to a community if they are spent there.

Setting Realistic Community Development Goals

Communities that foster rural economic development know that it takes a practical, systematic approach. Most communities and rural entrepreneurs don't have ready access to the capital resources it takes to get a project off the ground. But $5,000, $10,000, $25,000, or $250,000 may be all it takes to get momentum going.

To get these funds, communities need to form a partnership between elected officials, private industry and local entrepreneurs. Business, civic and banking leaders need to pool their resources and talents. Assistance from private foundations and

consultants who know the ins and outs of government programs and grant applications may be appropriate.

People who live in communities that have made growth happen will tell you that it requires a concentrated effort from everybody, and hard work combined with patience. But the longest journey begins with a single step.

So where should communities start?

The first thing is to have a meeting of all the people interested in economic development. Get bankers, business owners, teachers, students, civic organizations and elected leaders together. Then take stock.

What does your community have going for it? Is it a county seat, does it have a good school, a hospital, the potential for tourism? Is there a local manufacturer who could expand if the necessary capital was available? Are there entrepreneurs with ideas to get off the ground?

Next, take inventory of your community's weaknesses. Is Main Street tarnished and frayed? Do the water and sewer systems need to be upgraded? Do the residential areas look like people don't care?

Now that the group has some basic ideas, get down to specifics. Inventory all the vacant buildings in town. What are their dimensions? Do they need to be repaired? What's an appropriate price for selling or renting them?

Often the biggest drawback to attracting new business is that no one knows if there is a facility already in town that is suitable.

Now, what do you want to happen? Make a list of what you'd like to accomplish, then narrow it down to the realistic.

Here's usually where the need for money becomes apparent. Where do you get it? Start with government agencies. State and federal grants are available for certain projects.

Several organizational structures can be used as a base to raise money and start development. Generally, most communities form a private, non-profit development corporation. The local lawyer will be able to fill you in on the details. Perhaps you can persuade him or her to donate services to the cause, although the paper work should cost less than $200.

A for-profit development corporation is put together by people interested in a financial investment group. These may be business owners who can afford to invest their money in the community. Shares or partnerships are sold, and the funds generated used for loans, venture capital or to sustain businesses until new owners can be found.

Money to foster new business can be raised by almost all members of the community. Some will be needed anyway, for promotion and grant application. Many small towns have created their own venture capital fund, where local people buy shares, say at $50 each, to create a pool of money available for economic development.

Sometimes local governments can assess a special tax to establish a development fund. This authority depends on individual state laws.

Why is it that some towns succeed, and others do not?

What secrets do they share? Does your town share these qualities? A survey conducted by the Heartland Center for Leadership Development, Lincoln, NE, discovered 20 qualities that set thriving towns apart. Rate from 1 to 5 (5 the highest) how your community values and demonstrates these qualities.

____ **1. Evidence of community pride.** Often successful communities are showplaces of care and attention. Neatly-trimmed yards, public gardens and well-kept parks are common.

____ **2. Emphasis on quality in business and community life.** People who live in these towns believe that something worth doing is worth doing right. Facilities are built to last.

____ **3. Willingness to invest in the future.** Investments in the future are demonstrated in schools, water, street and waste disposal systems, as well as community betterment projects.

____ **4. A participatory approach to community decision-making.** Power is deliberately shared. Even the most influential opinion leaders seek to build consensus for action plans.

____ **5. A cooperative community spirit.** Focusing on goals and getting them done together binds the members of these communities. They fight side-by-side, not amongst themselves.

____ **6. Realistic appraisal of future opportunities.** Successful communities have realized that they must build on their

strengths themselves. Many don't believe they will land a large industry from outside, and many say they wouldn't want one.

____ **7. Awareness of competitive positioning.** Thriving communities know who their competitors are, and so do the businesses within their borders.

____ **8. Knowledge of the physical environment.** Communities know the advantages and disadvantages of their location. Are they next to an interstate? What are the local strengths, agricultural products, natural resources?

____ **9. Active economic development program.** An active and organized approach to economic development combines both private and public sectors.

____ **10. Deliberate transition of power to a younger generation of leaders.** Schools and young adults are centers of power in successful communities. That's often where the hopes, energy and vision are greatest...and where success is most rewarding.

____ **11. Acceptance of women in leadership roles.** Successful rural communities have more women starting their own businesses, leading development efforts and stepping out to take the risks of entrepreneurship.

____ **12. Strong presence of traditional institutions that are integral to community life.** These towns have a sense of community, and are committed to its survival. Service clubs and organizations have a strong leadership role.

____ **13. Strong belief and support for education.** Schools are a source of pride and stable employers. The impetus for development may come from the school and its students.

____ **14. Problem-solving approach to health care.** Many communities can't provide for all the medical and health care needs of their citizens, so they pick one area and specialize.

____ **15. Strong multi-generational family orientation.** Family ties run wide and deep, but in successful growing communities, everyone is accepted as part of the family shortly after they arrive.

____ **16. Sound and well-maintained infrastructures.** Streets and sidewalks, water and sewage systems are equally important as businesses in these communities. A major concern is how to keep these facilities current in future years.

____ **17. Careful use of fiscal resources.** Successful communities spend money like it was their own. Careful, well-thought expenditures are considered investments in the future.

____ **18. Sophisticated use of information resources.** Rural community leaders study more information than is easily available. Overnight mail, toll-free telephone numbers, computers and other communication and information technologies are used.

____ **19. Willingness to seek help from outside.** Successful communities have gone to government and private sources of loans and grants to gain the financial resources they need to turn their plans into realities. Such funds provide local entrepreneurs and businesses with start-up capital to turn ideas into jobs.

____ **20. Conviction that, in the long run, you have to do it yourself.** Thriving communities believe they control their own destiny. They seek outside help when appropriate, but are not waiting for their future to get better. They are making it happen.